PMA™ SECURITIES

# ISD 485, Royalton Public Schools

## Sale Summary

General Obligation School Building Refunding Bonds, Series 2024A

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October 14, 2024

# G.O. School Building Refunding Bonds, Series 2024A

- Purpose:
  - Refund 2/1/2026 through 2/1/2036 maturities of Series 2015A School Building Bonds to achieve debt service savings

- Mechanism
  - Current refunding (Call Date = 2/1/2025)
  - Investment in State and Local Government Securities (SLGS) to fund escrow
  - Level Debt Service Savings

- Authority
  - MN Statute Chapter 475

# Series 2015A

2026-2036 maturities refunded with 2024A Bonds

**General Obligation School Building Bonds, Series 2015A**

| Date | Principal | Coupon | Interest | Fiscal Total | Cap. Int. | 105% Levy |
|---|---|---|---|---|---|---|
| 08/01/23 | | | 357,356.25 | | | |
| 02/01/24 | 1,145,000 | 5.00% | 357,356.25 | 1,859,712.50 | - | 1,952,698 |
| 08/01/24 | | | 328,731.25 | | | |
| 02/01/25 | 1,200,000 | 5.00% | 328,731.25 | 1,857,462.50 | - | 1,950,336 |
| 08/01/25 | | | 298,731.25 | | | |
| 02/01/26 | 1,260,000 | 5.00% * | 298,731.25 | 1,857,462.50 | - | 1,950,336 |
| 08/01/26 | | | 267,231.25 | | | |
| 02/01/27 | 1,325,000 | 3.00% * | 267,231.25 | 1,859,462.50 | - | 1,952,436 |
| 08/01/27 | | | 247,356.25 | | | |
| 02/01/28 | 1,365,000 | 3.125% * | 247,356.25 | 1,859,712.50 | - | 1,952,698 |
| 08/01/28 | | | 226,028.13 | | | |
| 02/01/29 | 1,405,000 | 3.25% * | 226,028.13 | 1,857,056.25 | - | 1,949,909 |
| 08/01/29 | | | 203,196.88 | | | |
| 02/01/30 | 1,450,000 | 3.375% * | 203,196.88 | 1,856,393.75 | - | 1,949,213 |
| 08/01/30 | | | 178,728.13 | | | |
| 02/01/31 | 1,500,000 | 3.50% * | 178,728.13 | 1,857,456.25 | - | 1,950,329 |
| 08/01/31 | | | 152,478.13 | | | |
| 02/01/32 | 1,555,000 | 3.50% * | 152,478.13 | 1,859,956.25 | - | 1,952,954 |
| 08/01/32 | | | 125,265.63 | | | |
| 02/01/33 | 1,610,000 | 3.625% * | 125,265.63 | 1,860,531.25 | - | 1,953,558 |
| 08/01/33 | | | 96,084.38 | | | |
| 02/01/34 | 1,665,000 | 3.625% * | 96,084.38 | 1,857,168.75 | - | 1,950,027 |
| 08/01/34 | | | 65,906.25 | | | |
| 02/01/35 | 1,725,000 | 3.75% * | 65,906.25 | 1,856,812.50 | - | 1,949,653 |
| 08/01/35 | | | 33,562.50 | | | |
| 02/01/36 | 1,790,000 | 3.75% * | 33,562.50 | 1,857,125.00 | - | 1,949,981 |
| Totals | 18,995,000 | | 5,161,313 | 24,156,313 | - | 25,364,128 |

| | | | |
|---|---|---|---|
| **Original Principal** | $25,260,000 | **Purposes** | Finance the renovation of and additions to the District's existing elementary and middle school/high school facilities as approved by voters January 6, 2015. |
| **Dated Date** | 06/24/15 | | |
| **Call Date** | 02/01/25 | | |

# Bid Summary

**Independent School District No. 485 (Royalton)**

**$14,980,000**

**General Obligation School Building Refunding Bonds, Series 2024A**

**Date of Sale: October 10, 2024**

**Award: Fidelity Capital Markets**

| Bidder | True Interest Cost (TIC) |
|---|---|
| Fidelity Capital Markets | 2.9477% |
| BOK Financial Securities, Inc. | 2.9640% |
| Fifth Third Securities, Inc. | 2.9781% |
| KeyBanc Capital Markets | 3.0020% |
| TD Securities | 3.0651% |
| Jefferies LLC | 3.0720% |
| Robert W. Baird & Co., Inc. | 3.0786% |

# Sale Summary

## G.O. School Building Refunding Bonds, Series 2024A

| | Pre-Sale Finance Plan | Final |
|---|---|---|
| Par Amount | $14,900,000 | $14,765,000 |
| Gross Savings | $482,433 | $668,857 |
| Present Value Savings | $394,744 | $556,290 |
| All Inclusive Cost | 3.24% | 3.07% |

- Savings will be realized as a reduction to debt service levies for taxes payable in 2025 through 2035
- The par amount was adjusted due to reoffering premium included as a part of the most favorable bid.
- All Inclusive Cost includes all costs of issuance and interest cost on the bonds.

# Savings Detail

| Date | Total P+I | Existing D/S | Net New D/S | Old Net D/S | Savings |
|---|---|---|---|---|---|
| 02/01/2025 | - | 1,528,731.25 | 1,524,402.55 | 1,528,731.25 | 4,328.70 |
| 02/01/2026 | 1,799,609.72 | - | 1,799,609.72 | 1,857,462.50 | 57,852.78 |
| 02/01/2027 | 1,799,000.00 | - | 1,799,000.00 | 1,859,462.50 | 60,462.50 |
| 02/01/2028 | 1,798,750.00 | - | 1,798,750.00 | 1,859,712.50 | 60,962.50 |
| 02/01/2029 | 1,795,750.00 | - | 1,795,750.00 | 1,857,056.26 | 61,306.26 |
| 02/01/2030 | 1,795,000.00 | - | 1,795,000.00 | 1,856,393.76 | 61,393.76 |
| 02/01/2031 | 1,796,250.00 | - | 1,796,250.00 | 1,857,456.26 | 61,206.26 |
| 02/01/2032 | 1,799,250.00 | - | 1,799,250.00 | 1,859,956.26 | 60,706.26 |
| 02/01/2033 | 1,798,750.00 | - | 1,798,750.00 | 1,860,531.26 | 61,781.26 |
| 02/01/2034 | 1,799,750.00 | - | 1,799,750.00 | 1,857,168.76 | 57,418.76 |
| 02/01/2035 | 1,797,000.00 | - | 1,797,000.00 | 1,856,812.50 | 59,812.50 |
| 02/01/2036 | 1,795,500.00 | - | 1,795,500.00 | 1,857,125.00 | 61,625.00 |
| **Total** | **$19,774,609.72** | **$1,528,731.25** | **$21,299,012.27** | **$21,967,868.81** | **$668,856.54** |

## PV Analysis Summary (Net to Net)

| | |
|---|---|
| Net Present Value Benefit | $556,289.61 |
| Net PV Benefit / $17,275,825.28 PV Refunded Debt Service | 3.220% |

# Sources and Uses

### Sources Of Funds

| | |
|---|---|
| Par Amount of Bonds | $14,765,000.00 |
| Reoffering Premium | 1,875,400.85 |
| **Total Sources** | **$16,640,400.85** |

### Uses Of Funds

| | |
|---|---|
| Deposit to Current Refunding Fund | 16,457,951.50 |
| Total Underwriter's Discount (0.417%) | 61,595.15 |
| Financial Advisor (PMA Securities) | 50,800.50 |
| Bond Counsel (Dorsey & Whitney) | 26,000.00 |
| Rating Agency Fee (Moody's) | 24,300.00 |
| Underwriter's Counsel (Dorsey & Whitney) | 10,000.00 |
| Deposit to Debt Service Fund (Rounding Amount) | 4,328.70 |
| Paying Agent (U.S. Bank) | 4,000.00 |
| Escrow Agent/SLGS Subscription (U.S. Bank) | 1,000.00 |
| Auditor Certificate Fee (Benton County) | 200.00 |
| Auditor Certificate Fee (Morrison County) | 175.00 |
| Auditor Certificate Fee (Stearns County) | 50.00 |
| **Total Uses** | **$16,640,400.85** |

# Tax Savings

| | 2015A Refunding |
|---|---|
| Net FY 2026 Savings | $54,906 |
| District NTC Value (Prelim Pay 25) | 6,596,785 |
| Change in NTC Tax Rate | -0.83% |

| Property Type | Est. Market Value | Estimated Annual Tax Decrease |
|---|---|---|
| Residential Homestead | $100,000 | -$5 |
| | 200,000 | -14 |
| | 250,000 | -19 |
| | 300,000 | -23 |
| | 350,000 | -28 |
| | 400,000 | -32 |
| | 500,000 | -41 |

# Rating

- Moody's Rating for Royalton ISD 485
  - Aa3

- Highlights from the Rating Report
  - The initial Aa3 issuer rating reflects the district's strong full value per capita and resident income ratio, and its relatively stable enrollment trend.
  - Available fund balance is solid at over 20% of revenue at the close of fiscal 2023, and year-end results for fiscal 2024 reflect balanced operations.
  - The district has a solid history of budgeting conservatively and maintaining a solid fund balance.

# Bond Calendar

| Date | Action Item |
|---|---|
| August 2024 | Board Resolution provided to District |
| September 19, 2024 | Draft of POS distributed for review & sent to Rating agency |
| September 25, 2024 | Board Considers Parameters Resolution |
| September 26, 2024 | Rating Call |
| October 3, 2024 | Rating Received & POS released to Underwriter |
| October 10, 2024 | Bond Pricing (Interest Rates Locked) |
| October 14, 2024 | Board Considers Ratifying Resolution |
| November 5, 2024 | Bond Closing |
| February 1, 2025 | Bond Call |

# Contact Us

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